

PRIVILEGES OF THE HOUSE—RETURNING TO THE SENATE S. 1232, FEDERAL ERRONEOUS RETIREMENT COVERAGE CORRECTIONS ACT

Mr. WELLER. Mr. Speaker, I rise to a question of privileges of the House, and I offer a privileged resolution (H. Res. 394) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 394

Resolved, That the bill of the Senate (S. 1232) entitled the "Federal Erroneous Retirement Coverage Corrections Act", in the opinion of this House, contravenes the first clause of the seventh section of the first article of the Constitution of the United States and is an infringement of the privileges of this House and that such bill be respectfully returned to the Senate with a message communicating this resolution.

The SPEAKER pro tempore. In the opinion of the Chair, the resolution constitutes a question of the privileges of the House under rule IX.

The gentleman from Illinois (Mr. WELLER) is recognized for 30 minutes.

Mr. WELLER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this resolution is necessary to return to the Senate the bill S. 1232 which contravenes the constitutional requirement that revenue measures shall originate in the House of Representatives. Section 401 of the bill provides that no Federal retirement plan involved in the corrections under the bill shall fail to be treated as a tax-qualified retirement plan by reason of the correction.

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The bill also provides that no amount shall be includable in the income of any individual for Federal tax purposes because of fund transfers or government contributions made pursuant to the bill.

Accordingly, section 401 is revenue affecting in a constitutional sense and the bill therefore violates the origination requirement.

There are numerous precedents for the action I am requesting. I want to emphasize this action speaks solely to the constitutional prerogative of the House and not to the merits of the Senate bill.

The proposed action today is procedural in nature and is necessary to preserve the prerogatives of the House to originate revenue measures. It makes clear to the Senate that the appropriate procedure for dealing with revenue measures is for the House to act first on a revenue bill, for the Senate to accept it or amend it as it sees fit.

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the bill shall fail to be treated as a tax-qualified retirement plan by reason of the correction. The bill also provides that no amounts shall be includable in the income of any individual for Federal tax purposes because of fund transfers or government contributions made pursuant to the bill. Therefore, the bill violates the origination requirement.

Section 401 of the bill provides generally that no government retirement plan shall fail to be treated as a tax-qualified plan under the Internal Revenue Code for any failure to follow plan terms, or any actions taken under the bill to correct errors in misclassification of Federal employees into the wrong Federal retirement system. In general, Federal retirement plans are subject to the same rules that apply to tax-qualified retirement plans maintained by private sector employers. For example, tax-qualified retirement plans are afforded special tax treatment under the Code. These advantages include the fact that plan participants pay no current income tax on amounts contributed on their behalf, and the fact that earnings of the plan are tax-exempt.

Because of Section 401 of the bill, Federal retirement plans and participants in those plans would retain these advantages even if actions are taken pursuant to the bill that would otherwise jeopardize this favorable tax treatment.

The Federal retirement plans are also subject to the rules applicable to tax-qualified plans that limit the amount of contributions and benefits that may be provided to a participant under a tax-qualified plan. For example, section 415 of the Code limits that amount of annual contributions that may be made to a defined contribution plan, and the amount of annual benefits that are payable from a defined benefit plan. If amounts are contributed or benefits are paid that exceed these limits, plan participants could be subject to unfavorable tax consequences. Section 401 of the bill would permit the Federal government to make-up contributions on behalf of an employee without violating applicable limits on contributions and benefits for the year in which the make-up contribution was made.

Section 401 also provides that no amounts shall be includable in the taxable income of participants in Federal retirement plans because of fund transfers or government contributions made pursuant to the bill. Without this provision, amounts transferred from fund to fund or otherwise contributed by the government could be subject to income tax under the Internal Revenue Code.

Accordingly, Section 401 is revenue-affecting in a constitutional sense.

There are numerous precedents for the action I am requesting. For example, on July 21, 1994, the House returned to the Senate S. 1030, containing a provision exempting certain veteran payments from taxation. On October 7, 1994, the House returned to the Senate S. 1216, containing provisions exempting certain settlement income from taxation.

I want to emphasize that this action speaks solely to the constitutional prerogative of the House and not to the merits of the Senate bill. The proposed action today is procedural in nature and is necessary to preserve the prerogatives of the House to originate revenue measures. It makes clear to the Senate that the ap-

propriate procedure for dealing with revenue measures is for the House to act first on a revenue bill and for the Senate to accept it or amend it as it sees fit.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. PEASE). Without objection, the previous question is ordered on the resolution.

There was no objection.

The SPEAKER pro tempore. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

LEGISLATIVE PROGRAM

(Mr. ARMEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ARMEY. Mr. Speaker, let me begin by just saying to the Members it is my privilege to say we have had the last vote of the day, the last vote of the week, the last vote of the year, the last vote of the century.

PROVIDING FOR ADJOURNMENT SINE DIE AFTER COMPLETION OF BUSINESS OF FIRST SESSION OF 106TH CONGRESS AND SETTING FORTH SCHEDULE FOR CERTAIN DATES DURING JANUARY 2000 OF SECOND SESSION

Mr. ARMEY. Mr. Speaker, I offer a privileged concurrent resolution (H.Con Res. 235), and ask for its immediate consideration.

The SPEAKER pro tempore. The Clerk will report the concurrent resolution.

The Clerk read as follows:

That when the House adjourns on any legislative day from Thursday, November 18, 1999, through Monday, November 22, 1999, on a motion offered pursuant to this concurrent resolution by its Majority Leader or his designee, it shall stand adjourned until noon on Thursday, December 2, 1999 (unless it sooner has received a message from the Senate transmitting its concurrence in the conference report to accompany H.R. 3194, in which case the House shall stand adjourned sine die), or until noon on the second day after Members are notified to reassemble pursuant to section 3 of this concurrent resolution; and that when the Senate adjourns on any day from Thursday, November 18, 1999, through Thursday, December 2, 1999, on a motion offered pursuant to this concurrent resolution by its Majority Leader or his designee, it shall stand adjourned sine die, or until noon on the second day after Members are notified to reassemble pursuant to section 3 of this concurrent resolution.

SEC. 2. When the House convenes for the second session of the One Hundred Sixth Congress, it shall conduct no organizational or legislative business on that day and, when the House adjourns on that day, it shall stand adjourned until noon on January 27, 2000, or until noon on the second day after Members are notified to reassemble pursuant to section 3 of this concurrent resolution.